ADVISER INVESTMENTS

ADVISER FUND UPDATE

Market Summary and Commentary for Individual Investors from Adviser Investments

November 21, 2014

In This Issue

- Don't Buy the Distribution

Don't Buy the Distribution

As the holidays draw near, many investors are celebrating another annual tradition: Distribution season.

In December, many funds will pay out accumulated income, as they do every year. This income, along with any capital gains distributions you receive from funds held outside of a tax-advantaged retirement account, is taxable in the year it is received—so any income or capital gains you receive as a holiday bonus this year will have to be included on your 2014 tax return come April 2015.

If you are planning to make any additional purchases before year-end, it's important to know when your funds are planning to make their distributions. Why? Because if you buy shares of a fund prior to its "ex-dividend" date (the date on which the fund's price is reduced by the amount of the expected dividend or capital gain), you will be on the hook to pay taxes on distributions on those shares even though you didn't own the shares when that income was "earned." Buying shares just before to the ex-dividend date is often referred to as "buying the dividend," and it's something we avoid whenever possible for our clients.

To help you sidestep this mistake with Fidelity and Vanguard funds, we've put together a list of those that are currently scheduled to pay out income and/or capital gains next month (the Vanguard funds listed only include those projected to have capital gains, the firm won't release a full distribution calendar with income estimates until December 9). Fidelity funds that do not appear on the list are not expected to make distributions this year, however, all information for both fund companies is subject to change (as are the distribution dates). Note that any shares you own on the fund's "record date" will be eligible for distributions and that ETFs distribute on a different schedule, with the ex-dividend date actually falling before the record date.

So, again, to avoid additional distributions just before the end of the tax-year, don't buy a fund—or additional shares in a fund—until after the record date.

Record Date: 12/4   Ex-Dividend Date: 12/5
Fidelity Funds: Canada, Capital & Income, Capital Appreciation, China Region, Disciplined Equity, Diversified International, Emerging Asia, Emerging Europe Middle East Africa (EMEA), Emerging Markets, Emerging Markets Discovery, Europe, Event Driven Opportunities, Export and Multinational, Floating Rate High

Income, Focused High Income, Focused Stock, Global Commodity Stock, Global Equity Income, Global High Income, Growth Company, High Income, International Capital Appreciation, International Discovery, International Growth, International Small Cap, International Small Cap Opportunities, International Value, Japan, Japan Smaller Companies, Large Cap Stock, Latin America, Leveraged Company Stock, Magellan, Maryland Municipal Income, Municipal Income 2015, New York Municipal Income, Nordic, Overseas, Pacific Basin, Select Biotechnology, Select Communications Equipment, Select Electronics, Select Energy Service, Select Environment and Alternative Energy, Select Technology, Select Utilities, Select Wireless, Short Duration High Income, Small Cap Discovery, Small Cap Growth, Small Cap Stock, Small Cap Value, Spartan 500 Index, Spartan Emerging Markets Index, Spartan Extended Market Index, Spartan Global ex U.S. Index, Spartan International Index, Spartan Mid Cap Index, Spartan Real Estate Index, Spartan Small Cap Index, Spartan Total Market Index, Stock Selector Small Cap, Total Emerging Markets, Total International Equity, Value, Worldwide.

Record Date: 12/11 Ex-Dividend Date: 12/12
Fidelity Funds: All Asset Manager funds, Balanced, Blue Chip Growth, Blue Chip Value, Contrafund, Convertible Securities, Dividend Growth, Equity-Income, Fidelity, Global Balanced, Growth Discovery, Growth Strategies, Independence, International Enhanced Index, International Real Estate, Large Cap Core Enhanced Index, Large Cap Growth Enhanced Index, Large Cap Value Enhanced Index, Low-Priced Stock, Mega Cap Stock, Mid Cap Enhanced Index, Mid Cap Value, Mid-Cap Stock, Nasdaq Composite Index, New Millennium, OTC, Puritan, Real Estate Income, Small Cap Enhanced Index, Stock Selector All Cap, Stock Selector Large Cap Value, Strategic Dividend & Income, Strategic Income, Strategic Real Return, Value Discovery, Value Strategies.

Record Date: 12/16 Ex-Dividend Date: 12/17
Vanguard Funds: Capital Value, Equity Income, Explorer, Explorer Value, GNMA, Growth & Income, Intermediate-Term Investment Grade, Intermediate-Term Treasury, Long-Term Investment-Grade, Long-Term Treasury, Morgan Growth, Selected Value, Short-Term Investment-Grade, Short-Term Treasury, Strategic Equity, Strategic Small-Cap Equity, U.S. Growth, Wellesley Income, Windsor, Windsor II.

Record Date: 12/18 Ex-Dividend Date: 12/19
Fidelity Funds: Connecticut Municipal Income, all Income Replacement funds, Inflation-Protected Bond, Limited Term Government, New Markets Income, Select Air Transportation, Select Automotive, Select Banking, Select Brokerage and Investment Management, Select Chemicals, Select Computers, Select Construction and Housing, Select Consumer Discretionary, Select Consumer Finance, Select Consumer Staples, Select Defense and Aerospace, Select Energy, Select Financial Services, Select Gold, Select Health Care, Select Industrial Equipment, Select Industrials, Select Insurance, Select IT Services, Select Leisure, Select Materials, Select Medical Delivery, Select Medical Equipment and Systems, Select Multimedia, Select Natural Gas, Select Natural Resources, Select Pharmaceuticals, Select Retailing, Select Software and Computer Services, Select

Telecommunications, Select Transportation, Spartan Intermediate Treasury Bond Index, Spartan Short-Term Treasury Bond Index, Trend.
Vanguard Fund: Global Minimum Volatility.

Record Date: 12/19 Ex-Dividend Date: 12/22
Vanguard Funds: Capital Opportunity, Dividend Growth, Energy, Health Care, Intermediated-Term Bond Index, Intermediated-Term Corporate Bond Index, International Explorer, Long-Term Bond Index, Mid-Cap Growth, Mortgage-Backed Securities Index, PRIMECAP Core, PRIMECAP, Short-Term Bond Index, Short-Term Corporate Bond Index, Short-Term Government Bond Index, Total Bond Market Index.

Record Date: 12/22 Ex-Dividend Date: 12/18
Vanguard Fund: Extended Duration Treasury ETF.

Record Date: 12/24 Ex-Dividend Date: 12/23
Vanguard Funds: Intermediate-Term Bond ETF, Intermediate-Term Corporate Bond ETF, Long-Term Bond ETF, Mortgage-Backed Securities ETF, Short-Term Bond ETF, Short-Term Corporate Bond ETF, Short-Term Government Bond ETF, Total Bond Market ETF.

Record Date: 12/24 Ex-Dividend Date: 12/26
Fidelity Funds: Intermediate Municipal Bond, Limited Term Municipal Income, Minnesota Municipal Income, Pennsylvania Municipal Income, Spartan Inflation-Protected Bond Index.
Vanguard Funds: Convertible Securities, Inflation-Protected Securities, Long-Term Tax-Exempt, Massachusetts Tax-Exempt, New Jersey Long-Term Tax-Exempt, Ohio Long-Term Tax-Exempt, Pennsylvania Tax-Exempt, Wellington.

Record Date: 12/26 Ex-Dividend Date: 12/29
Fidelity Funds: Four-in-One Index, all Fidelity Freedom funds, Global Strategies, Real Estate High Income, all Strategic Advisers funds (except Core Income and Short Duration).
Vanguard Funds: Diversified Equity, all LifeStrategy funds, STAR, most Target Retirement funds (Income, 2010, 2015, 2020, 2025, 2030 and 2040).

About Adviser Investments
Adviser Investments and its subsidiaries operate as an independent, professional money management firm with particular expertise in Fidelity and Vanguard mutual funds. With 2,500 clients and more than $3.0 billion under management, Adviser Investments is one of the nation's largest mutual fund research and money management firms. Our investment professionals focus on helping individual investors, trusts, foundations and institutions meet their investment goals. Our minimum account size is $350,000. Adviser Investments was recently named to *Barron's* list of the top 100 independent financial advisers nationwide and its list of the top advisory firms in Massachusetts. We are also recognized on the *Financial Times* 300 Top Registered Investment Advisers list.

For more information, please visit www.adviserinvestments.com or call 800-492-6868.

investment ideas and expressions of opinion may contain certain forward-looking statements and should not be viewed as recommendations, personal investment advice or considered an offer to buy or sell specific securities. Data and statistics contained in this report are obtained from what we believe to be reliable sources; however, their accuracy, completeness or reliability cannot be guaranteed.

Our statements and opinions are subject to change without notice and should be considered only as part of a diversified portfolio. You may request a free copy of the firm's Form ADV Part 2, which describes, among other items, risk factors, strategies, affiliations, services offered and fees charged.

Past performance is not an indication of future returns. The tax information contained herein is general in nature, is provided for informational purposes only, and should not be construed as legal or tax advice. We do not provide legal or tax advice. Always consult an attorney or tax professional regarding your specific legal or tax situation.

The *Barron's* ranking reflects the volume of assets overseen by the advisers and their teams, revenues generated for the firms and the quality of the advisers' practices, as determined by its editors.

Editors at the *Financial Times* bestowed "elite" status on 300 firms in the U.S., as determined by assets under management, asset growth, longevity, compliance record, industry certifications and online accessibility.